

July 21, 1947

Memorandum to Mr. Martin:

Now that the International Bank has begun operations, I believe that we must give serious consideration to the establishment of a working relationship between Export-Import Bank and the International Bank. Operating as they are in the same general field, the two banks will necessarily need to harmonize their activities, both in the making and the administration of loans.

As the first step, I suggest that we propose to the International Bank that a group from each bank be named for the purpose of mutual exchange of information and ideas and of generally coordinating the activities of the two institutions. I think nothing short of a permanent top-level group from each institution will suffice. Again, I believe that the meetings of the groups should be held at fixed, stated times—possibly every two weeks—rather than on a hit-and-miss basis.

The representatives of this Bank should be composed of you, one other Director, and one or two members of the staff. It might be a good idea if the Director other than you were to be alternated from meeting to meeting. The staff member or members who are chosen should be more or less permanent in order that there may be proper liaison on a working level with their counterparts in the group from the International Bank.

The representatives of the International Bank should be on a comparable level with that of this Bank and should include at least one member of the International Bank's Board of Directors. Presumably, this member would be the United States Director; but there, too, it might be advisable to alternate in order that all members of both boards are given the opportunity to meet and become acquainted with the work of the two institutions.

As I envisage it, the proposal does not conflict with the theory or the practice of the National Advisory Council. Rather, it will aid the NAC to discharge its responsibilities. The proposal, of course, will not completely solve the basic problem as to the respective zones of operations of the two institutions. The two banks, however, can go a long way, through discussions between the groups indicated, to hammer out a workable loan-making policy. When it becomes necessary to obtain the decision of the NAC on a matter which has first been threshed out between the two institutions, both you and the United States Director of the International Bank would be well prepared to present the matter to the NAC and intelligently guide its decision. It may be, however, that Secretary Snyder's blessings of the arrangement could be obtained. It would serve to obviate any question as to the propriety of the arrangement vis-a-vis the NAC and would lend prestige and importance to the group or committee relationship proposed.

It might be said that the International Bank as an international institution is precluded from cooperating with a United States agency to the extent suggested. I would be impatient with any such contention. Today, at least, the International Bank is lending United States funds and financing United States products. The activities of the two institutions obviously cut across the same lines. No theory of internationalism that I can conceive of precludes cooperation of an international and a United States agency operating in the same field.

Each institution should be aware of the loans being considered by the other. Borrowers should not be in position to play one institution off against the other. The terms of a proposed loan, particularly in instances in which the country involved is a borrower of both banks, should be known to both institutions. Likewise, the supervision and administration of loans in one country should be to a certain extent a matter of common effort by the two institutions.

I think the two institutions have an opportunity to do an enlightened and constructive job in the field of cooperative relations. It should be done now. We should not allow the situation to develop to the point where confusion exists and a cleavage develops.

Walter C. Sauer
Acting Secretary

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